

RYAN PREPARED CLOSING STATEMENT
MARKUP – FY2008 BUDGET RESOLUTION
MARCH 21, 2007

Globalization

- Our world is changing and we're facing tremendous economic pressure from countries like China and India and other places around the world that have become extremely attractive places for our businesses to relocate .
- I'd imagine that almost every Member of Congress has heard from the small business at home who is struggling to compete in the global economy or has heard from the guy who used to have a good paying job at the local plant but whose job just got shipped overseas.
- The fact is, America can no longer take for granted that we will remain the world's leading economic power, that jobs will be plentiful, and that our standard of living will be higher for our children than it is for us.
- So we must ask ourselves a question. We must ask ourselves whether the right path moving forward to face the challenges presented by globalization is to thrust the largest tax hike in history on the shoulders of the American businesses that employ and create new jobs for American workers.
- When we are forced to compete with a Chinese economy that is growing at 9%, that is subsidizing its companies, that has extremely low labor costs, that does not provide healthcare for its workers, is the right decision to raise the cost of doing business in the United States?
- Unfortunately, that is exactly what this Democrat budget will do.
- It will raise taxes on our small businesses and the manufacturers located across our heartland by millions of dollars each and every year, making it that much harder for them to compete in this world of globalization.
- American businesses are already facing immense competitive pressures – rising health care costs, rising energy costs – and on top of that we're going to add immense new tax burdens? Our businesses already pay the second highest tax rates in the entire world – we're going to tell them that's just not

enough?

- And worse yet, not only does this budget raise taxes on our workers and our businesses by \$400 billion in the next few years, but it also sets the stage for massive tax hikes on our economy in the future.
- Because this budget does nothing about the growing problem of entitlements, it means that in the out-years, just past 2012 when the budget will be balanced on the backs of taxpayers and small businesses, it will swing right back into deficits and there will soon be no choice left but to raise taxes – again, and again, and again – until Congress finally gets around to addressing the real problem.
- Let me pull up a chart to illustrate this point.
- **Chart 7** – This chart shows you that, if we keep our tax laws permanent, which is the black line, the bottom line throughout our baseline period, that's where revenues ought to be, as measured by CBO. If Democrats' impose the tax hikes they're calling for today, that's the red line – the red line as scored by CBO.
- But if we do nothing about entitlements, that's the green line. That's the line that illustrates the path of entitlement growth that we're on. So even if Democrats are successful in reversing our tax laws – which have fueled our nation's strong economic growth – 7.6 million new jobs, higher business investment, more jobs, better international competitiveness in the global marketplace – even if they eliminate all of our tax relief – we still have this huge problem of entitlements.
- Without reform, by the year 2040 – when my kids will be exactly my age – Social Security, Medicare and Medicaid will consume 20% of our economy. That's equivalent to the cost of the entire federal government today. That means that we will have to double taxes on my children just to keep our federal government afloat.
- And imagine what it will be like for our businesses, who already pay the second highest tax rate in the world, imagine what it will be like for them to have to compete with China and India when their tax rate is doubled.

- If you double their taxes, businesses in the United States will vanish. Jobs will vanish. There will be no way for future generations to maintain the great standard of living that we enjoy today.
- That ladies and gentlemen is the situation that we're in. We're facing tremendous budgetary challenges, we're facing tremendous challenges from globalization and we have to make a choice.
- We have to decide - Are we going to move forward as a country that is nothing but an enormous federal government – with higher taxes, low economic growth – and a shadow of what we used to be?
- Or are we going to stand up to challenge we face in the global marketplace and show that America is the land that rewards work and creativity, where people have a chance to get a career, a chance to be an entrepreneur and open up a small business, and a chance to make a better life for themselves and their family?
- I believe that we must follow that second course. We must adopt policies that allow us to remain competitive and allow us to pass on the same high standard of living that we enjoy today to our children.
- But I don't see this as an entirely unpleasant task, something that's all sacrifice and austerity. Yes, it's a challenge – but it's also an opportunity – an opportunity to make our entitlement programs stronger, more efficient, more responsive, and better aligned with the vigor and diversity and resilience that our people demonstrate every day. Why wouldn't we want to do this? Why would we choose instead to put off what we know can be done – and *must* be done?
- That is the decision we face today – it's what this debate represents. And sadly, I believe this Democrat budget looked that challenge square in the eye – and chose to turn away.